

Message Text

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ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 EB-07 CIEP-01 TRSE-00 STR-04 OMB-01

CEA-01 COME-00 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01

BIB-01 SAJ-01 ACDA-07 INT-05 /111 W

----- 116321

R 081925Z APR 76

FM AMEMBASSY BRASILIA

TO AMEMBASSY MOSCOW

INFO SECSTATE WASHDC 4954

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

AMCONSUL LENINGRAD

LIMITED OFFICIAL USE BRASILIA 3028

E.O. 11652: N/A

TAGS: EEWT; BR; UR

SUBJECT: USSR BECOMES BRAZIL'S FIFTH LARGEST TRADING PARTNER

REFS: (A) MOSCOW 5046; (B) MOSCOW 4631; (C) BRASILIA 2431

1. EMBASSY BRASILIA APPRECIATES INFORMATION CONTAINED REFS
A AND B. APRIL 2 ISSUE OF AUTHORITATIVE DAILY "O ESTADO
DE SAO PAULO" RAN BRIEF ARTICLE SUMMARIZING MARCH 31
"PRAVDA" REPORT ON SOVIET PARTICIPATION IN CAPIVARA HYDRO-
ELECTRIC PROJECT (REPORTED REF A). REFERRING TO "PRAVDA"
WRITER'S STATEMENT THAT BRAZILIAN-SOVIET ECONOMIC RELATIONS
ARE "MUTUALLY ADVANTAGEOUS" AND SHOULD INCREASE, "O ESTADO"
CITED "HIGH LEVEL SOURCE" IN BRAZILIAN ENERGY SECTOR WHO
REPORTEDLY SAID THAT SOVIET EFFORTS TO SUPPLY HYDROELECTRIC
EQUIPMENT FOR THE LARGE ITAIPU COMPLEX (AS YET UNSUCCESSFUL)
AND THE SMALLER SOBRADINHO PROJECT (SUCCEEDED IN JULY 1975)
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ARE PROOF OF SOVIET INTEREST IN INCREASING TRADE WITH BRAZIL.

2. SAME ISSUE CARRIED RELATED ARTICLE REPORTING INFORMATION RECENTLY RELEASED BY FONMIN REVEALING THAT USSR IS NOW BRAZIL'S FIFTH LARGEST TRADING PARTNER (AFTER US, JAPAN, FRG, AND NETHERLANDS, RESPECTIVELY). DRAWING ON STATISTICS FROM BOTH THE SOVIET MINISTRY OF FOREIGN TRADE AND THE BRAZILIAN CENTRAL BANK, FONMIN FIGURES REVEAL A DRAMATIC UPSWING IN GOB-USSR TRADE, AS FOLLOWS (IN US\$ MILLIONS):

	1972	1973	1974	1975
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EXPORTS FOB	73.0	146.7	158.5	404.0
IMPORTS CIF	7.9	12.5	127.4	112.0
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TOTAL	80.9	159.2	285.9	516.0

3. FONMIN CREDITS THE SHARP INCREASE IN BRAZILIAN EXPORTS IN 1975 PRIMARILY TO THE BILATERAL AGREEMENT SIGNED IN MARCH 1975 IN WHICH THE SOVIETS OFFERED THE GOB AN UNLIMITED LINE OF CREDIT TO OBTAIN HEAVY MACHINERY WHILE AGREEING TO INCREASE THEIR PURCHASES OF MANUFACTURED AND SEMI-MANUFACTURED GOODS TO COMPRISE 30 PERCENT OF THEIR TOTAL IMPORTS FROM BRAZIL. (COMMENT: NO REFERENCE IS MADE IN THE FONMIN REPORT TO THE REPORTED SOVIET PURCHASE OF 1.5 MILLION TONS OF BRAZILIAN SOY BEANS LAST YEAR, PROBABLY BECAUSE THE SOVIETS BOUGHT THE GRAIN THROUGH EUROPEAN SUBSIDIARIES OF INTERNATIONAL GRAIN CONCERNS, COOK AND CARGILL, AND BRAZILIAN CENTRAL BANK FIGURES WOULD NOT INCOUDE SHIPMENTS VIA A THIRD COUNTRY.)

(COMMENT: SINCE THE GOB DOES NO NORMALLY RELEASE THE PRVIOUS YEAR'S FOREIGN TRADE FIGURES UNTIL MID-YEAR, THE FONMIN REPORT CITED ABOVE APPEARS TO HAVE BEEN HASTILY PREPARED FOR RELEASE IN THE WAKE OF A SERIES OF MINOR CRISES IN BRAZILIAN-SOVIET RELATIONS (PROTESTS OVER COMMENTS BY BRAZILIAN COMMUNIST CHIEF LUIS CARLOS PRESTES AND SEC. GEN. BREZHNEV AT THE RECENT CPSU CONGRESS (SEE REF C) AND THE GOB'S REFUSAL TO PERMIT TV LIMITED OFFICIAL USE

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BROADCAST OF BOLSHOI BALLET PERFORMANCE) WHICH THE GOB CAREFULLY CONTROLLED WHILE SEEKING TO SEPARATE THEM FROM ECONOMIC RELATIONS. HOWEVER, THE BOLSHOI EPISODE AT LEAST WOULD ALSO SEEM TO INDICATE THAT THE GOB IS REMINDING THE USSR THAT WARMER ECONOMIC RELATONS ARE ONLY IN KEEPING WITH BRAZIL'S ANNOUNCED POLICIES OF "RESPONSIBLE PRAGMATISM" AND "NO AUTOMATIC ALIGNMENTS," AND DO NOT IMPLY A WILLINGNESS TO MODERATE IDEOLOGICAL

VIGILANCE.)
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Message Attributes

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Draft Date: 08 APR 1976
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